
DIGEST

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HB 387 Original

2023 Regular Session

Bishop

Abstract: Repeals the corporation franchise tax and removes eligibility of certain tax credits to be claimed against the corporation franchise tax.

Present law (R.S. 47:601 et seq.) establishes the corporation franchise tax which is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. The corporation franchise tax is also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in La.

Present law provides, beginning Jan. 1, 2023, that the rate of the tax shall be \$2.75 per \$1,000 of taxable capital above \$300,000.

Present law provides for the determination of taxable capital for purposes of levying the corporation franchise tax as well as the tax treatment of capital stock, surplus and undivided profits, and the allocation of taxable capital. Present law further provides for the administration of the tax as well as the collection and payment of the tax.

Present law requires every corporation or other entity subject to the franchise tax to pay only an initial tax of \$110 in the first accounting period in which it becomes subject to the tax. After the first closing of the corporate books, the tax is payable as provided in present law.

Proposed law repeals present law.

Present law provides for various incentives in the form of credits, deductions, exemptions, exclusions, and rebates that are applicable against individual and corporate income tax as well as corporation franchise taxes.

Proposed law retains present law with respect to incentives applicable against individual and corporate income taxes but removes applicability of the following incentives against the corporation income tax:

- (1) La. work opportunity tax credit. (R.S. 47:287.750)
- (2) Tax credit for qualified new recycling manufacturing or process equipment and service contracts. (R.S. 47:6005)
- (3) Tax credits for local inventory taxes paid. (R.S. 47:6006)

- (4) Tax credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters. (R.S. 47:6006.1)
- (5) Tax credits for donations made to assist playgrounds in economically depressed areas. (R.S. 47:6008)
- (6) Tax credits for donations made to public schools. (R.S. 47:6013)
- (7) Credit for property taxes paid by certain telephone companies. (R.S. 47:6014)
- (8) Research and development tax credit. (R.S. 47:6015)
- (9) Tax credits for certain expenses paid by economic development corporations. (R.S. 47:6017)
- (10) Tax credits for purchasers from "PIE contractors". (R.S. 47:6018)
- (11) Tax credit for rehabilitation of historic structures. (R.S. 47:6019)
- (12) Tax credits associated with the Angel Investor Tax Credit Program. (R.S. 47:6020)
- (13) Digital interactive media and software tax credit. (R.S. 47:6022)
- (14) Tax credits associated with the La. Youth Jobs Tax Credit Program. (R.S. 47:6028)
- (15) Tax credit for certain milk producers. (R.S. 47:6032)
- (16) Apprenticeship tax credits. (R.S. 47:6033)
- (17) Ports of Louisiana tax credits. (R.S. 47:6036)
- (18) Child care provider tax credit. (R.S. 47:6105)
- (19) Business-supported child care tax credit. (R.S. 47:6107)
- (20) Tax credits associated with Enterprise zone incentives. (R.S. 51:1787)
- (21) Modernization tax credit. (R.S. 51:2399.3)

Effective Jan. 1, 2025, and applicable to corporate franchise tax periods beginning on or after Jan. 1, 2025.

(Amends R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A), (B)(1)(intro. para.), (2), and (4), 6006.1(A), (B)(1), (3), and (4), 6008(A), 6013(A), 6014(A), (B), and (C)(1), (3), (4), and (5), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), (D)(2), and (K), 6017(A), 6018(B), 6019(A)(1)(a) and (3)(a) and (b)(ii)(aa)

and (dd)(I), 6020(D)(2)(a) and (3)(a) and (d)(i), 6022(E)(1)(a), (b), and (e)(intro. para.), 6028(C)(intro. para.) and (D)(1) and (2), 6032(A) and (D), 6033(C)(intro. para.) and (D)(1) and (2), 6036(C)(1)(a)(intro. para.) and (I)(2)(a)(i) and (b), 6105(A), 6107(A) and (B), and 6108(A) and (B)(intro. para.), (1), (3), and (4), R.S. 51:1787(A)(2)(a) and (b) and 2399.3(A)(1) and (3)(a) and (d)(i); Repeals R.S. 47:601-618, and 3204(H)(1), (I)(1)(a), and (J)(1))